UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

DEVAL DENIZCILIK VE TICARET A.S.,

Plaintiff,

07 CIV 3397 (JGK)

- against -

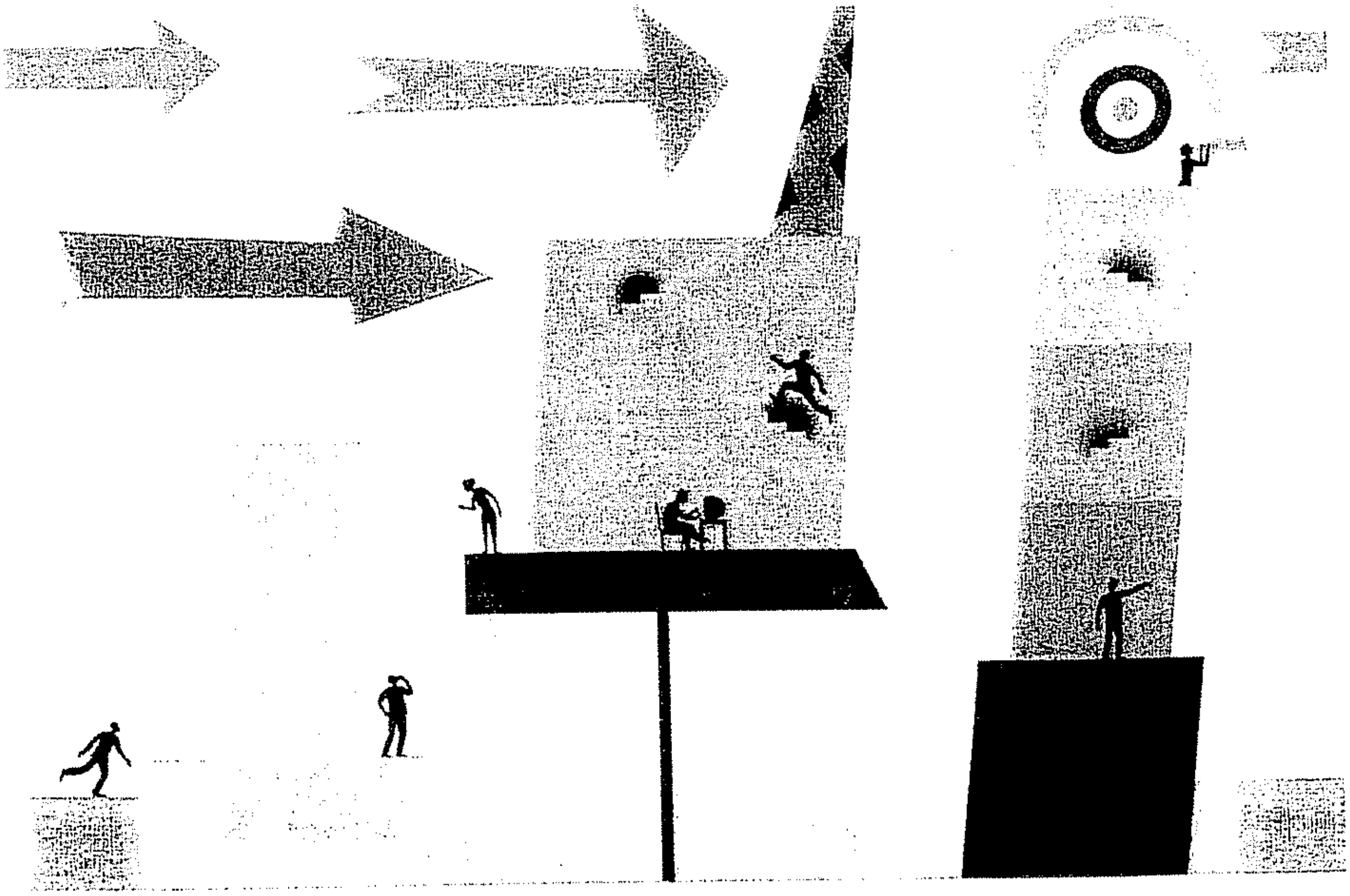
REPINTER INTERNATIONAL SHIPPING CO. S.A. and MIACHART CORPORATION LLC,

Defendants

EXHIBIT 4 to the Declaration of Epaminondas G. Arghyrakis
Dated 18.06.07

CJ O FARRELL SYNDICATE 1036
ANNUAL REPORT DECEMBER 2005

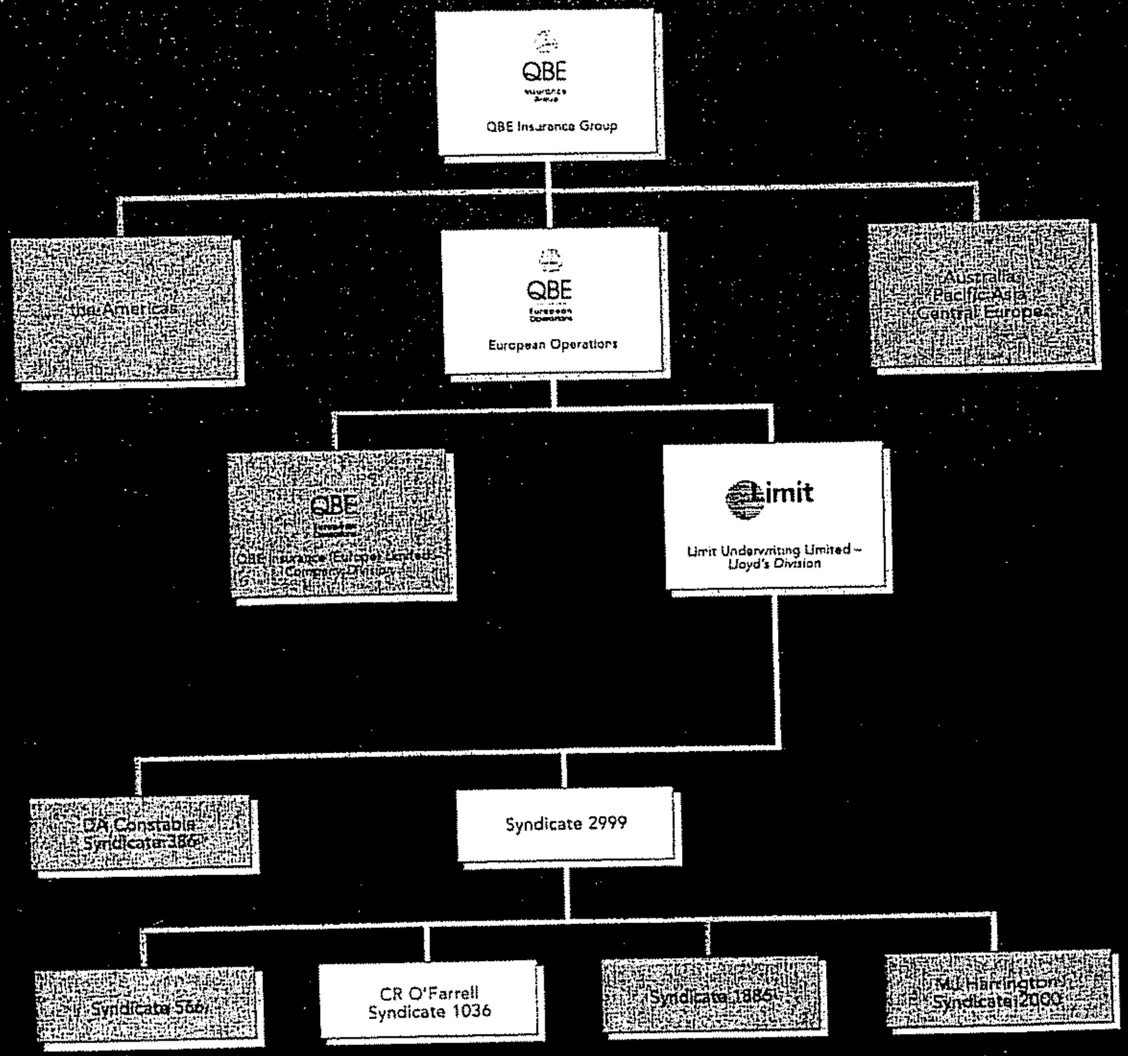
Limit



CR O'Farrell Syndicate 1036

CR O'Farrell Syndicate 1036 is the marine and energy sub-syndicate of umbrella Syndicate 2999 and is managed by Limit Underwriting Limited (Limit), one of the largest managing agents at Lloyd's.

Limit is the Lloyd's division of QBE European Operations, which is part of QBE Insurance Group, one of the world's leading insurers and reinsurers, with a 2005 gross written premium of A$9.4 billion. Headquartered in Sydney, Australia, QBE operates out of 41 countries and has a presence in all of the world's key insurance markets.



[illegible]

To be internationally recognised as:
- a highly successful general insurance and reinsurance group
- a builder of shareholders' wealth
- a developer of "can do" people
- an organisation that excels in the continuous delivery of new and proven quality products and services

[illegible]

- increasing the long term wealth of shareholders
- customer satisfaction and retention
- employee motivation
- integrity

[illegible]
[illegible]
[illegible]

[illegible]
Chief Financial Officer
QBE European Operations

Despite of a global insurance market experiencing one of its worst ever catastrophe loss years, Limit's syndicates achieved an aggregate combined operating ratio of [illegible] for 2005. This was a significant contributing factor in QBE Insurance Group achieving its best result on record.

Limit provided approximately 25% of QBE's global gross written premium in 2005. The Group's continued commitment to the Lloyd's market is evidenced by Limit's strength in diversity and its superior ability to manage the cyclical nature of the business.

Limit is one of the largest and most successful managing agents at Lloyd's, with £1 billion of capacity under management, representing 7% of the market. This, coupled with QBE Insurance (Europe) Limited, the company division of QBE European Operations, gives QBE an unrivalled presence in the London insurance market.

Limit's philosophy is based on underwriting specialism, leadership and continuity, which combined with the highest quality of products, enables it to provide a secure, professional environment to fully service clients' insurance needs.

CR O'Farrell Syndicate 1036 at a glance

Highlights

For the first time, the syndicate accounts are prepared on an annual accounted basis under UK GAAP, and show:

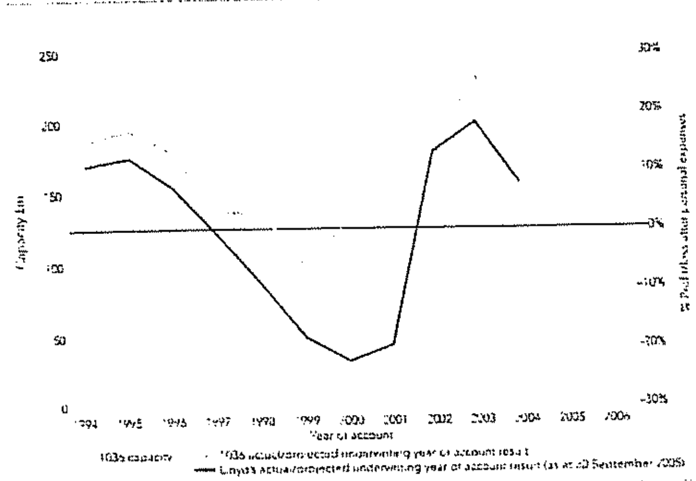
- 2005 financial year combined operating ratio of 102.1%, despite unprecedented hurricane losses
- 2005 GWP of £235 million, up 142% on 2004

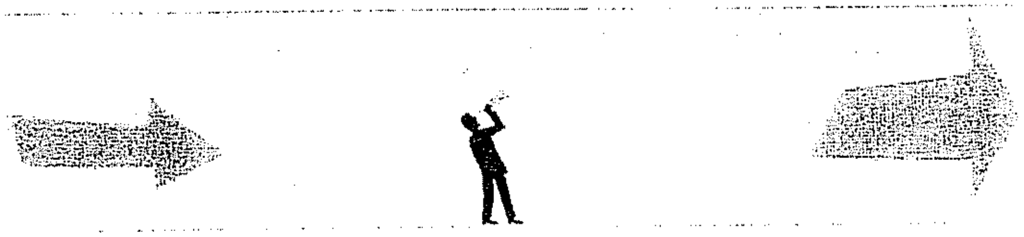
Results on an underwriting year of account basis include:

- 2003 underwriting year of account profit of 25.1% of capacity
- 2004 underwriting year of account profit forecast of 10.0% to 15.0% of capacity

Other highlights include:

- Positive outlook despite increased competition

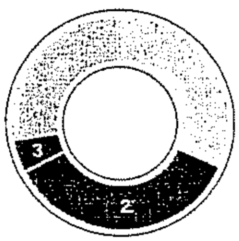




Syndicate 1036, a leading syndicate underwriting in the Lloyd's market, specialises in hull, energy, liability, specie, cargo, war and allied risks. It has an underwriting capacity of £210 million for 2006.

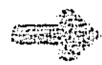
Established in 1987, the syndicate underwrites a worldwide account, requiring underwriters to have a comprehensive knowledge of their clients' businesses and the territories in which they operate. The use of sophisticated software, combined with extensive travel, enables the syndicate to analyse and understand its clients' needs effectively.

- experienced specialist underwriting and support teams
- increased capacity of £210 million part of an overall umbrella Syndicate 2999 capacity of £660 million
- strong consistent record of high performance with a profit to capital providers averaging 9.9% for the 1993 to 2003 years
- total syndicate funds of £147 million
- security and expertise benefits of operating within the Lloyd's market (S&P rated 'A')
- part of Limit, one of the largest and most profitable managing agents at Lloyd's with £1 billion of underwriting capacity for 2006
- QBE Insurance Group (main underwriting entities rated S&P 'A+') as its sole capital provider
- flexibility and autonomy available to 100% aligned syndicates
- S&P's interactive Lloyd's Syndicate Assessment of '3+' reflects the strength of support provided by QBE and its superior operational management

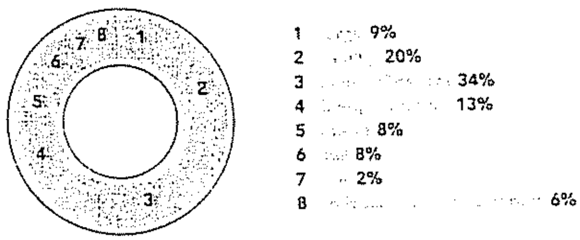


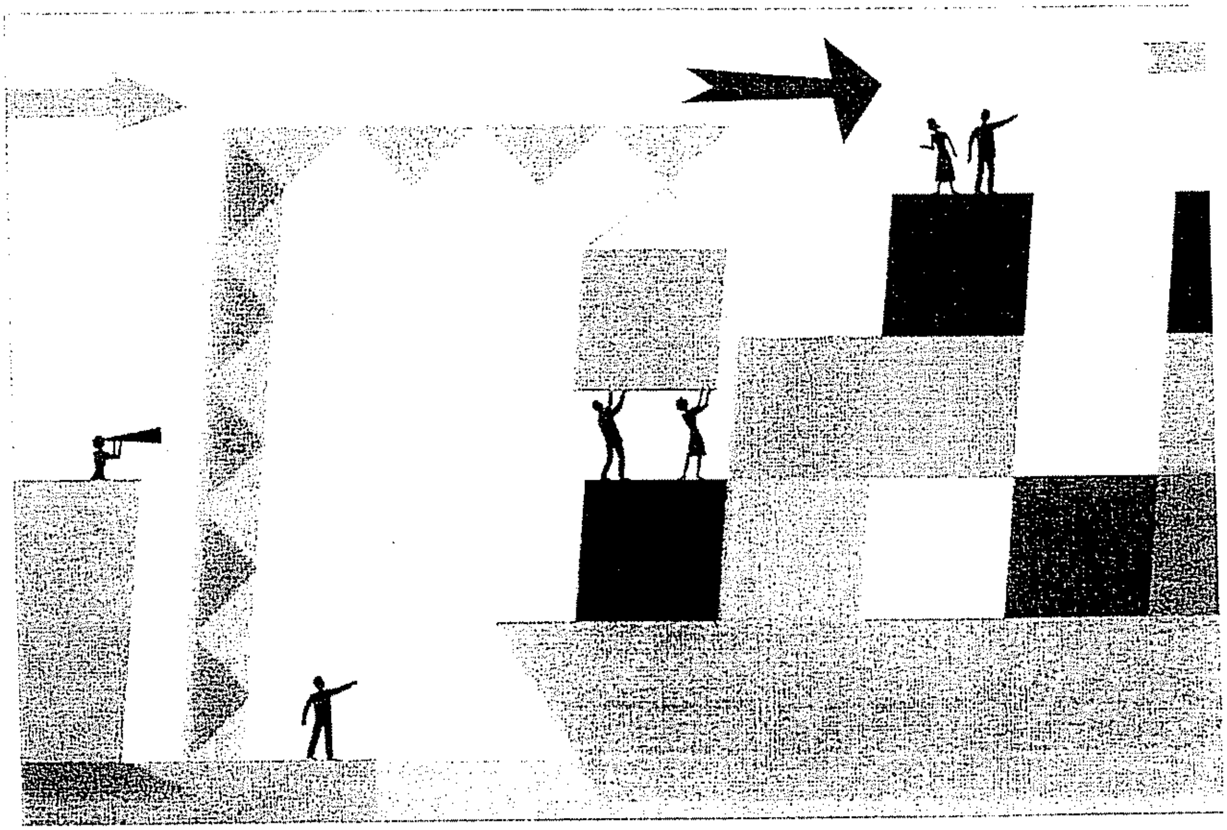
1		**Capacity – £210 million (32%)** Active Underwriter – Colin O'Farrell Marine and energy
2	Syndicate 566	**Capacity – £240 million (36%)** Active Underwriter – Jonathan Parry Short-tail reinsurance
3	Syndicate 1886	**Capacity – £30 million (5%)** Active Underwriter – John Neal Non-marine liability
4		**Capacity – £180 million (27%)** Active Underwriter – Mark Harrington Non-marine casualty, property and specialist lines

Umbrella Syndicate 2999 was established to maximise the efficient allocation of capacity across its sub-syndicates. Syndicate 2999 does not underwrite risks in its own right, but is the primary entity from a Lloyd's reporting and regulatory perspective. Syndicate 1886 was established for the 2006 year of account.



Business of the syndicate





9%

We write a high quality portfolio of cargo business and are recognised as a leader in high-tech, pharmaceutical and manufactured goods, as well as excess cargo business. The account is predominately supported by the major cargo brokers. We emphasise the value of long term relationships with our clients and work with them to develop mutually beneficial risk control programmes.

20%

We have an unrivalled reputation as a major leading underwriter in the global liability market, with an account produced from all the major brokers worldwide and from industry specialists. The account comprises pure marine coverages such as P & I, pollution, charterers, stand alone energy liabilities and package policies. We work closely with our colleagues in hull and energy (particularly offshore) and we specialise in tailoring complex and unusual coverages to clients' needs and requirements. We are the leading underwriter to many international group P&I associations, providing extended coverages over and above those offered by club rules as well as reinsurance capacity and solutions.

34%

We write a portfolio of risks worldwide, from dedicated upstream and downstream entities to fully integrated energy companies. We insure offshore risks for oil and gas companies worldwide, specialising in offshore insurance for assets located in the North Sea and the Far East, particularly China. Approximately 60% of the business written is in a lead capacity.

Business of the syndicate

Energy Onshore 13%

[illegible] Class Underwriter

We insure a wide range of onshore assets for oil and gas companies worldwide, from well heads to refineries to petro-chemical plants, with particular dominance in the Middle East and Indonesia. Approximately 75% is written in a lead capacity.

Hull 8%

[illegible]

We write an established high quality hull account. The portfolio, which principally consists of bluewater vessels, includes a significant proportion of builders' risks, short-tail TLO, increased value and mortgagees' interest risks. Risks of physical damage to ports, worldwide, are also included. Recognised as leaders in all aspects of the account, we are supported by all the major hull brokers. We maintain a significant presence on marketwide initiatives, for example the Joint Hull Committee, which complement our underwriting.

[illegible] 8%

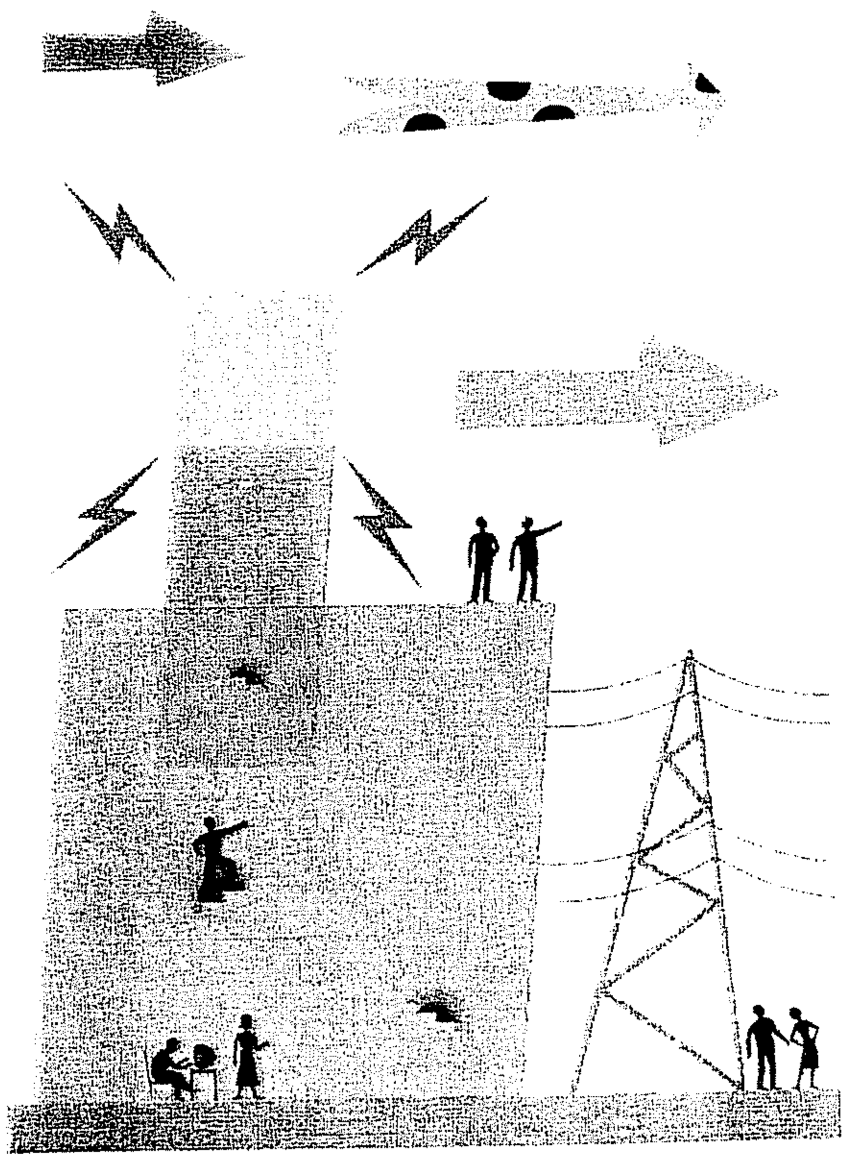
[illegible]

We lead approximately 50% of all the business we write. We underwrite a worldwide account specialising in the areas of armoured car, general specie, fine art and jewellers' block. Business is written to all the major brokers, dealing with some of the most prominent institutions in the financial sector and art world.

[illegible] 2%

[illegible]

We write a maritime war account, which includes war risks on vessels, cargo, floating energy risks and marine liabilities. We are an established leader in the class and are instrumental in setting terms and conditions which are followed worldwide.



Political Risk and Terrorism 6%

[illegible], Class Underwriter

Through a specialist underwriting team, we have developed a political risk and terrorism portfolio of broad based, worldwide business. This account complements existing areas of the book, but particularly onshore energy, cargo and specie.

[illegible]

Our well respected claims team work closely with our underwriters to ensure claims are managed to an extremely high standard. The claims team have long standing relationships with surveyors, loss adjusters, lawyers and other professional advisers whose expertise can be brought to bear on our response to a claim. We enjoy good working relationships with brokers and London insurance market organisations.

Report of the directors of the managing agent

For the syndicate to remain in profit following the worst catastrophe loss year on record is a testament to its underwriting skills as it continues to excel in its market sector.

The directors of the managing agent present their report for the year ended 31 December 2005.

This annual report is prepared using the annual basis of accounting under UK Generally Accepted Accounting Principles (GAAP).

These accounts include the transactions and balances for all years of account for the 2005 and 2004 financial years. Syndicate 1036 became a sub-syndicate of umbrella Syndicate 2999 for the 2005 year of account.

[illegible]

Syndicate 1036 is a direct marine and energy syndicate operating within the Lloyd's insurance market. The syndicate is led by Colin O'Farrell, Active Underwriter and specialises in hull, energy, liability, specie, cargo, war, political risks, political violence and allied risks.

Results

The table below details the syndicate's annually accounted result as at 31 December 2005 relative to the previous year end.

The Active Underwriter comments:

"On an underwriting year basis, I would have been reporting for the 2003 year the syndicate's best result since its formation in terms of both percentage return to Names and in monetary amounts. It is therefore disappointing to report on a 2005 GAAP basis the very modest underwriting profit of £1.6 million or £1.4 million after investment return and expenses and a combined operating ratio of 102.1%. It should be observed that it is only through the tenacity, skill and experience of our underwriters that this result is not worse than that recorded.

The main reason for this is the ferocious hurricane season that the Gulf of Mexico had to endure during 2005. There were three major windstorms, Katrina, Rita and Wilma, the estimated loss of which is in excess of US$80 billion. The syndicate was severely impacted by both Katrina and Rita as these particular storms wrought havoc with the offshore energy industry, an area where we have significant involvement. In addition, the offshore energy account was also involved in the total loss of an oil platform owned by the Oil and Natural Gas Corporation Limited in India. The market loss was US$450 million.

Whilst the offshore energy account experienced a turbulent time during 2005, other portfolios fared much better in terms of loss experience. During the early stages of 2005, the appetite of underwriters to write business intensified and as a consequence premium volumes for the syndicate were reduced in order to maintain profitability. Fortunately the severity of non-hurricane losses abated, demonstrable by the fact that the syndicate suffered only two losses in excess of US$2.5 million from other portfolios. The first when one of our major hull fleets endured damage to one of their vessels and the second being the provisions we have made for our potential liability arising out of the Buncefield explosion in the United Kingdom in December 2005.

During 2005 the syndicate expanded to write a political risk and political violence account. This account has performed extremely well to date and is already enhancing the syndicate's profile and profitability.

The determination within the syndicate to actively manage our expenses has also enabled us to keep these below forecast. These have been assisted by the fact that we have earned overriders and profit commissions on our outwards reinsurance programme. Due to the advantageous underwriting conditions which existed in prior years these have been significant.

Investment returns have again made a worthy contribution to the syndicate result and in addition the syndicate has enjoyed a positive return on foreign currency.

Our policy of conservative reserving has benefited us. During the year we achieved resolution on two prior year disputes, both with positive outcomes to the

	2005 £000	2004 £000
Gross premiums written	235,025	97,253
Net earned premiums	112,164	78,269
Net claims	(73,330)	(21,884)
Acquisition costs	(37,186)	(23,984)
Net underwriting profit/(loss)	1,648	32,401
Profit/(loss) on exchange	5,311	(2,429)
Other net operating expenses	(9,297)	(10,576)
Investment return	3,752	1,441
Total profit/(loss)	1,414	20,837
Claims ratio	65.4%	28.0%
Combined operating ratio	102.1%	75.2%

syndicate. When augmented with our prior year(s) stability, a significant contribution has been made from these years."

FUTURE [illegible]

The Active Underwriter comments:

"I have made reference to the impact that the hurricanes had during 2005 and as I stated in my report last year:

"We entered 2004 with great hope and expectation ..." and added "...the market has endured the worst hurricane season in living memory as four major hurricanes slammed in to the Gulf of Mexico..."

This is surely a case of déjà vu.

During 2005 the hurricane season has again surpassed all previously recorded seasons. Indeed whilst the hurricane season officially ended at the end of November, windstorms were still occurring in January 2006. As outlined the financial cost has been enormous, as has the amount of insurers' capital that has been eroded.

In the last quarter of 2005 there was an unprecedented amount of new capital raised. This has either been used to replenish the balance sheets of many existing carriers, to assist in underpinning their security rating, or it has been provided to new entrants to the marketplace who seek to exploit the inevitable uplifts in rating that are anticipated in the wake of these events.

The January renewal season of 2006 provided much food for thought as market practitioners sought capacity from a very fragile reinsurance community. Availability of coverage has been scarce and, when available, was either very expensive or very restrictive in cover, in some cases prohibitively so. The reinsurance market has become much fractured and Gulf of Mexico reinsurances are difficult to purchase. Nevertheless, I am pleased to report that we have received admirable support from our reinsurers and have purchased cover on broadly similar terms to last year, although, as highlighted, at an increased cost when compared to 2005.

So what are the consequences to the insurance market and what measures have they taken to make the market viable?

The offshore energy market, especially where there are Gulf of Mexico exposures, has reacted quickly. Rates have risen significantly and conditions tightened dramatically as underwriters seek to continue underwriting in the face of the market's waning appetite. Clients have recoiled in disbelief at the available terms. It should be remembered that in the last 15 months the offshore energy industry has suffered in excess of US$20 billion of loss arising from three windstorms (Ivan, Katrina and Rita) and whilst the market capacity has significantly reduced, the syndicate continues to provide capacity as I believe significant opportunities exist in this class.

The hurricanes have had a large impact in other areas of the account and rates in general are increasing in all portfolios. This bodes well for the immediate future as underwriters seek to satisfy both the demands of their capital providers and their reinsurance partners.

The demanding pressures imposed by both the Lloyd's Franchise Board and the FSA continue unabated. The syndicate continues to support the initiatives these bodies instigate, though we all have to be mindful of the fine balance that exists between a professionally structured market and an overregulated environment.

Following our merger with Syndicate 2724 for the 2005 year the syndicate continued to receive unyielding support and commitment from both brokers and clients as we persisted with our strategy of being at the vanguard of the marine and energy insurance industry.

The past 12 months have been the most challenging of my career and the support I have received from the syndicate management and staff has been exceptional. For this I would like to personally thank all those involved who continually contribute to the syndicate's success."

INVESTMENT PERFORMANCE

The total investment returns achieved for calendar year 2005 are set out below. These include income earned on funds which are not managed by the investment manager, such as short term liquid deposits and certain overseas deposits.

The benchmark for fixed income funds is the Merrill Lynch 1–3 Year Government/Corporate Bond Index in the relevant currency.

Investment returns achieved by the fund manager were better than the respective currency benchmarks for the majority of portfolios during the year. Investment performance was generated as a result of active management using a low risk investment strategy with capital preservation a high priority.

Throughout 2005 and in the face of rising federal interest rates, fund manager Minster Court Asset Management maintained a short duration position in the US portfolios. This strategy proved to be successful and a significant outperformance was achieved. A short duration policy was also adopted for sterling funds and investment return in that currency was a little below the benchmark. As a result of the US performance total syndicate investment return was materially ahead of the weighted currency benchmark and the syndicate budgeted target.

Strong cash flow throughout 2005 enabled the syndicate funds to increase by £51 million over the year including investment return of £4 million and positive exchange movement on investment funds of £8 million.

There were no sterling investments at the end of 2004.

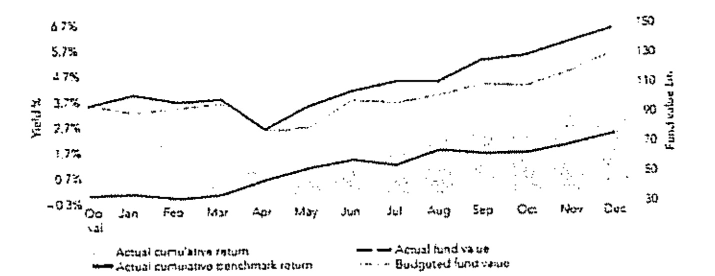
PORTFOLIO CURRENCY	2005 ACTUAL RETURN	2005 BENCHMARK RETURN	2004 ACTUAL RETURN	2004 BENCHMARK RETURN
Sterling	4.8%	5.0%	–	–
US dollar	2.9%	1.7%	1.0%	0.9%
Combined currency	3.4%	2.4%	1.0%	0.9%

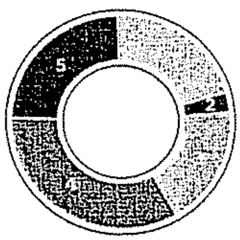
Report of the directors of the managing agent

Limit operates an investment committee which is responsible for recommending to the board appropriate investment policy and strategy. It also monitors the performance of investment managers and their compliance with internal guidelines and external regulation. The investment policy is designed to ensure that appropriate levels of liquidity, credit and investment risk are achieved.

Syndicate investments are currently limited to fixed income bonds and money market instruments. The majority of portfolios have an average credit rating equivalent to Standard & Poor's 'AAA'. The minimum permitted credit quality is 'A-'. The performance of the investment managers is monitored against the Merrill Lynch 1–3 Year Government/Corporate Bond Index.

Management of the investment portfolios for the syndicate is delegated under an arms length agreement to Minster Court Asset Management Limited, a wholly owned subsidiary of the QBE Insurance Group. The activities of the manager are regulated by the FSA.





1 Syndicate 1036 — **Capacity – £210 million (21%)**
Active Underwriter – Colin O'Farrell
Marine and energy

2 Syndicate 1886 — **Capacity – £30 million (3%)**
Active Underwriter – John Neal
Non-marine liability

3 Syndicate 2000 — **Capacity – £180 million (18%)**
Active Underwriter – Mark Harrington
Non-marine casualty, property and specialist line

4 Syndicate 386 — **Capacity – £340 million (34%)**
Active Underwriter – David Constable
Non-marine (excluding USA) liability

5 Syndicate 566 — **Capacity – £240 million (24%)**
Active Underwriter – Jonathan Parry
Short-tail reinsurance

Syndicates 566, 1036, 1886 and 2000 are all sub-syndicates of umbrella Syndicate 2999. Syndicate 1886 was established for the 2006 year of account.

The directors of the managing agent who served through the year ended 31 December 2005 were:

J M G Andrews (non-executive)
– resigned 8 March 2006
I D Beckerson
S P Burns
D A Constable
P E Grove
M J Harrington
M S Kang
D M Lang
J D Neal
B M Nicholls
C R O'Farrell
F M O'Halloran
P V Olsen (non-executive)
J W Parry
B R Smith (non-executive)
– resigned 8 March 2006
D J Winkett

The following directors have been appointed since 31 December 2005:

B W Pomeroy CBE (non-executive)
– appointed 23 January 2006
C Rolleston – appointed 23 January 2006
H M Posner (non-executive)
– appointed 8 March 2006

None of the directors were members of the syndicate for the years of account open during the period of these accounts.

Report of the directors of the managing agent

CORPORATE GOVERNANCE

Limit board
The Limit board is committed to high standards of corporate governance and has established a practical governance framework which includes the delegation of considerable authority to the five syndicate boards and a number of other authorised sub-committees. All of the syndicate boards and sub-committees comprise appropriately skilled and experienced members. They operate under formal terms of reference, with reporting requirements to the board. The board comprises 14 executive directors and three non-executive directors and meets ten times a year.

Syndicate boards
Each syndicate has its own board, responsible for the reporting and review of all aspects of the syndicate's day-to-day management. Each board is chaired by the respective syndicate's Active Underwriter and comprises senior underwriting and management representatives of the syndicate, together with representatives of the Limit board.

[illegible]
[illegible] the committee ensures that the day-to-day management of Limit is carried out in accordance with the requirements of the Limit board and co-ordinated across various business units and syndicates. It considers QBE issues, management issues and major syndicate issues. The committee is chaired by the Managing Director.

[illegible] the committee reviews and approves all routine matters which do not require board approval and matters where the board has delegated authority to the committee. It makes recommendations where board approval is required. The committee is chaired by the Compliance and Risk Management Director.

[illegible] the committee provides assurance that an appropriate control framework is in place to mitigate business risk. It ensures that these controls are both functioning in practice, and consistent with QBE Insurance Group and Limit procedures, together with legislative and regulatory requirements. The committee also reviews all cases of reported fraud. The committee is chaired by Philip Olsen, a non-executive director.

[illegible] the committee is responsible for establishing and monitoring procedures and systems for the evaluation of all reinsurance security and outwards reinsurance intermediaries to be utilised by regulated entities within the Group. The committee is chaired by the Chief Underwriting Officer.

[illegible] the committee makes recommendations to the board and syndicate boards as to the appropriate investment policy, providing guidelines for each of the syndicates' funds and taking responsibility for the day-to-day implementation and monitoring of the agreed strategy. The committee is chaired by the Chief Financial Officer.

[illegible] the primary responsibility of the committee is to undertake a review for the reinsurance to close and open year reserve information produced by each managed syndicate in support of the syndicate's accounts and solvency returns. The committee must be satisfied that the reserves have been calculated having regard to Lloyd's Code for Management for Reserving Risks, Regulations and Byelaws, and is consistent with the standards required to attain satisfactory actuarial opinions. The committee is chaired by the Managing Director.

[illegible] the committee is responsible for reviewing and recommending the IT strategy to the board, recommending the annual IT plan and budget, implementing strategy and providing oversight of material IT projects. The committee is chaired by the IT Director.

[illegible] the committee is responsible for ensuring that all risks to Limit's objectives are identified, assessed and monitored in accordance with Limit's overall risk policy. The committee is chaired by the Compliance and Risk Management Director.

Report of the directors of the managing agent

[illegible]

Limit's activities expose the business to a number of key risks which have the potential to affect its ability to achieve its business objectives. The board is responsible for ensuring that an appropriate structure for managing these risks is maintained. The board acknowledges that it is not realistic or possible to eliminate risk entirely, and therefore seeks to ensure that the appropriate controls are in place to effectively manage risks in line with the agreed tolerance.

Limit continues to develop its risk management capability to ensure that an effective framework exists to support the management of all types of risk. Elements of this framework include the regular identification and assessment of the key risk and controls and clearly defined ownership of both the risks and controls.

Risk groups

The key risks can be grouped under the following headings:

Insurance risk: Limit's business is to accept insurance risk which is appropriate to enable it to meet its objectives. Limit seeks to balance insurance risk with reward and therefore all underwriting teams are set specific and measurable targets which they are expected to achieve by operating within the parameters of the approved business plan and authorities framework.

Credit risk: In addition to the insurance terms of trade offered as standard, credit risks can arise as a result of the inability to pay or slow payment of any of Limit's counterparties. Limit has established detailed guidelines, procedures, limits and monitoring requirements to mitigate credit risk.

Capital and liquidity risk: The objective of Limit's capital and liquidity risk management is to ensure that capital is optimally managed, that Limit remains solvent by a significant margin and that all withdrawals and funding requirements can be met out of readily available sources of funding. Limit undertakes capital exercises to ensure that capital is adequate to meet risks and seeks to maintain a strong liquidity position by holding its assets in liquid funds.

Market risk: Limit's exposure to financial market risk arises out of the investment decisions made in relation to Limit's investment of Premium Trust Fund assets. Exposure to market risk is managed through the investment strategy and detailed guidelines, which are deliberately conservative in order to eliminate potential volatility to market fluctuations as much as possible.

Operational risk: Limit seeks to mitigate exposure to operational risks through ensuring that an effective infrastructure, robust systems and controls and appropriately experienced and qualified individuals are in place throughout the organisation. In addition to this, Limit provides for expected losses through the budgeting process.

Internal audit

An independent internal audit function provides assurance to the internal audit committee, chaired by a non-executive director, as to the effectiveness of internal systems and controls. It makes recommendations for improvements and monitors progress towards completion via management action plans. Internal audit also provides independent feedback on the risk management process.

Other governance issues

Limit has adopted a code of conduct which outlines a set of general business ethics that apply to all employees when conducting any activity on behalf of the company. The code of conduct requires employees to carry out business in an open and honest manner with customers, shareholders, employees, regulatory bodies, outside suppliers, intermediaries and the community at large. The code also deals with a number of other requirements including whistle-blowing, confidentiality, disclosure of information, fraud, money laundering and conflicts of interest. Additional policies are in place to cover areas such as health and safety, harassment, equal opportunities and financial crime.

report of the directors of the managing agent

CHANGE IN REPORTING BASIS

The underlying results are determined on the annual basis of accounting. This represents a fundamental change in reporting basis. Previously, results were not determined before the normal date of closure of each year of account at the end of the third year.

AUDITORS

The managing agent intends to reappoint PricewaterhouseCoopers LLP as the syndicate's auditors.

By order of the board

S.P. Burns

Steven Burns
Chief Executive Officer

Limit Underwriting Limited
Plantation Place
30 Fenchurch Street
London EC3M 3BD

23 March 2006

Directors of the board

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1.

Frank joined QBE Insurance Group Limited, as Group Financial Controller, in 1976. He joined the board as Director of Finance in 1983, and in 1994 took direct responsibility for all QBE operating divisions worldwide as Director of Operations. He was appointed CEO in 1998. Frank began his career as a chartered accountant with Coopers & Lybrand in 1963. He is active in the insurance industry and has held a wide range of representative positions, including President of the Insurance Council of Australia between 1999 and 2000.

2.

Steven has been CEO of QBE European Operations since 2004. Previous to this, he was Managing Director and then CEO of Limit. Trained as a chartered accountant, he joined Lloyd's managing agency Janson Green in 1987 and became Finance Director before it was acquired by Limit in 1996. He has extensive experience at Lloyd's, was a member of the Council of Lloyd's for the 2003 to 2005 years and has been a non-executive director of the Lloyd's Franchise Board since 2004.

3.

Peter joined QBE when Limit was acquired in 2000 where he was Director of Underwriting. He was appointed to his current position in 2004. He has worked in the London insurance and reinsurance market since 1966 and has been a lead underwriter on reinsurance and retrocession business for three decades. His current responsibilities include the purchasing of reinsurance for the QBE Insurance Group.

4.

Ian joined QBE in 1999 and was appointed Compliance Director of Limit in 2000. Ian was appointed to his current position in February 2005. He was previously with Lloyd's for ten years where he worked in the strategic planning division and the regulatory division. He was a member of the Lloyd's Market Association Regulatory Committee from 2000 to 2003.

5.

Mo joined QBE in September 2003 after spending seven years at Zurich Financial Services in a number of senior positions on the UK management team, including Claims Operations Director, Director – Organisation Development and Innovation, and Head of HR. He previously worked for the Civil Service and has held HR management roles at HBOS, State Street Bank and Trust and Peugeot Citroen.

6.

David joined QBE in 1996 and was appointed to the board of Limit in 2000 as Senior Actuary. He became Operations Director of Limit in 2003 and Managing Director in 2004, when he also joined the board of QBE European Operations. He was previously with actuarial consultants, Bacon and Woodrow. He is a member of the Lloyd's Underwriting Advisory Committee and the LMA Professional Standards Committee.

7.

John was the CEO of Ensign, a small Lloyd's managing agency specialising in motor business. QBE acquired Ensign's motor business in 2004 which saw John appointed to the boards of Limit and QBE European Operations. John is also Managing Director of QBE Insurance (Europe) Limited.

8.

Blair was appointed Chief Actuarial Officer, QBE European Operations, in August 2004. Blair joined QBE in 1994 having previously worked in consulting for Trowbridge Deloittes. His previous roles for QBE include Actuarial and Strategic Support Manager for Australian Operations, followed by a role in the management of QBE's joint venture with ING in Australia, QBE Mercantile Mutual. His role prior to joining QBE European Operations was as the Group Actuary in Sydney

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9. [illegible]

Chris joined Limit as Head of IT in October 2002 and became Head of IT for European Operations in September 2004. He is now IT Director for both Limit and QBE Insurance (Europe) Limited. Chris joined the insurance market in 1984 and has 22 years' experience in the design and development of systems for the market. He has spent over 15 years in senior IT management positions, having previously being employed by ACE European Group.

10. [illegible]

David joined Limit as Financial Director at the time it was acquired by QBE. He trained as a chartered accountant and spent ten years with the insurance practice of PricewaterhouseCoopers where he specialised in financial services, corporate finance, audit and assurance work for UK and multinational groups. He is a member of the Lloyd's Market Association Finance Committee and Capital sub-committee.

11. [illegible]

David joined the syndicate in 1991, after spending 15 years in a range of roles at the Sun Alliance Group. He was appointed Deputy Underwriter in 2002 and succeeded Bob Wallace as Active Underwriter for the 2003 underwriting year onwards.

12. [illegible]

Mark joined QBE, as Underwriter for the casualty treaty account of Syndicate 1223, in 1998. He was appointed to his current position in 2000. He previously managed the North American account team at Zurich Reinsurance (London) Ltd, which he joined in 1990, after five years with CNA Re (London).

13. [illegible]

Colin joined Limit in Syndicate 1036's inaugural year, 1986, as Underwriting Assistant, Energy and Liability. He became Deputy Underwriter in 1997 and was appointed to this current position in 2002. He is a member of the LMA Marine Committee.

14. [illegible]

Jonathan joined Limit in 2000 as Deputy Underwriter to Peter Grove on Syndicate 566 and was appointed to his current position of Active Underwriter in 2004. He was previously a director at Aon. He has worked at Lloyd's and in the London reinsurance market for 25 years, initially at Wigham Poland, then at Steel Burrill Jones and Alexander Howden, which became Aon Group.

15. [illegible]

Philip has been a non-executive director of Limit since 1991. He was appointed to the board of QBE International Insurance Limited (since renamed as QBE Insurance (Europe) Limited) in March 2005. He is a member of the Securities Institute and, from 1969 to 1990, was an investment analyst and partner at stockbrokers Kitcat & Aitken.

16. [illegible]

Brian was appointed to the board on 23 January 2006. He is a member of the Audit Commission and was previously Managing Director and Senior Partner at Deloitte Consulting UK. He has acted as a consultant to a wide range of companies and public bodies, and advised the UK Government on public policy from the early 1980s to the mid-1990s. He was a member of the Council of Lloyd's from 1995 to 2004.

Statement of managing agent's responsibilities

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004 require the managing agent to prepare syndicate annual accounts at 31 December each year which give a true and fair view of the state of affairs of the syndicate as at that date and of its profit or loss for that year.

In preparing the syndicate annual accounts, the managing agent is required to:

1. select suitable accounting policies which are applied consistently, subject to changes arising on the adoption of new accounting standards in the year;
2. make judgements and estimates that are reasonable and prudent; and
3. prepare the financial statements on the basis that the syndicate will continue to write future business unless it is inappropriate to presume that the syndicate will do so.

The managing agent is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the syndicate and enable it to ensure that the syndicate annual accounts comply with the 2004 Regulations. It is also responsible for safeguarding the assets of the syndicate and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

Independent auditors' report

TO THE MEMBERS OF SYNDICATE 1036

We have reviewed the financial information of Syndicate 1036 on pages 18 to 29 ("the information"). As explained in note 1(a), this financial information has been extracted from the accounting records underlying the financial statements of Syndicate 2999 and Syndicate 1036 on which we have issued unqualified audit opinions. This report in respect of Syndicate 1036 does not constitute an audit opinion.

Our audit opinions on the audited financial statements of Syndicate 2999 and Syndicate 1036 for the year ended 31 December 2005 were prepared for, and only for, the members of Syndicate 2999 and Syndicate 1036 and for no other purpose. This opinion is prepared for, and only for, the directors of Limit Underwriting Limited and for no other purpose. We do not, in giving this opinion or our audit opinions on Syndicate 2999 or Syndicate 1036, accept or assume responsibility for any other purpose or to any other person to whom that report or this report is shown or in to whose hands they may come save where expressly agreed by our prior consent in writing. Furthermore, we do not accept or assume responsibility whether in contract, tort (including negligence) or otherwise to any third party in respect of this financial information.

Opinion

In our opinion the information has been properly extracted from the accounting records underlying the audited financial statements of Syndicate 2999 and Syndicate 1036.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

Southwark Towers
32 London Bridge Street
London SE1 9SY

23 March 2006

Profit and loss account: Technical account – general business

FOR THE YEAR ENDED 31 DECEMBER 2005

	NOTES	2005 £000	2005 £000	2004 (RESTATED) £000	2004 (RESTATED) £000
[illegible]					
Gross premiums written	4	235,025		97,253	
Outward reinsurance premiums		(65,575)		(23,182)	
Net premiums written		169,450		74,071	
Changes in the provision for unearned premiums:					
Gross amount		(65,091)		3,408	
Reinsurers' share		7,805		790	
Changes in the net provision for unearned premiums		(57,286)		4,198	
[illegible]			[illegible]		[illegible]
[illegible]					
[illegible]			[illegible]		[illegible]
[illegible]					
Claims paid					
Gross amount		(57,713)		(35,246)	
Reinsurers' share		32,520		15,258	
Net claims paid		(25,193)		(19,988)	
Change in the provision for claims					
Gross amount		(223,646)		(683)	
Reinsurers' share		175,509		(1,213)	
Change in the net provision for claims		(48,137)		(1,896)	
[illegible]			[illegible]		[illegible]
[illegible]	6,4		[illegible]		[illegible]
[illegible]					
[illegible]			[illegible]		[illegible]

All operations are continuing.

[illegible]

FOR THE YEAR ENDED 31 DECEMBER 2005

	NOTES	2005 £000	2005 £000	2004 (RESTATED) £000	2004 (RESTATED) £000
[illegible]			[illegible]		[illegible]
Investment income	7	3,916		1,653	
Unrealised gains on investments		911		1,059	
Unrealised losses on investments		(973)		(1,224)	
Investment expenses and charges	7	(102)		(47)	
[illegible]			[illegible]		
[illegible]					
[illegible]			[illegible]		[illegible]
[illegible]			[illegible]		[illegible]

The syndicate has no recognised gains or losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

[illegible]

AT 31 DECEMBER 2005

	NOTES	2005 £000	2005 £000	2004 (RESTATED) £000	2004 (RESTATED) £000
[illegible]					
Financial investments	8		[illegible]		[illegible]
[illegible]					
Provision for unearned premiums		11,992		4,187	
Claims outstanding	5	250,390		59,185	
			[illegible]		[illegible]
[illegible]					
Debtors arising out of direct insurance operations	9	109,503		27,664	
Debtors arising out of reinsurance operations		9,275		3,862	
Other debtors		1,184		3,738	
			[illegible]		[illegible]
[illegible]					
Cash at bank and in hand		9,847		10,940	
Other	10	4,136		2,663	
			[illegible]		[illegible]
[illegible]					
Accrued interest		1,248		385	
Deferred acquisition costs		28,562		10,384	
Other prepayments and accrued income		–		–	
			[illegible]		[illegible]
[illegible]			[illegible]		[illegible]

Balance sheet: liabilities

AT 31 DECEMBER 2005

	NOTES	2005 £000	2005 £000	2004 (RESTATED) £000	2004 (RESTATED) £000
[illegible]					
Members' balances			[illegible]		[illegible]
[illegible]					
Provision for unearned premiums		108,103		43,012	
Claims outstanding	5	373,497		125,321	
			[illegible]		[illegible]
[illegible]					
[illegible]					
Creditors arising out of direct insurance operations	11	58,663		163	
Creditors arising out of reinsurance operations		4,787		6,845	
Other creditors		6,037		8,497	
			[illegible]		[illegible]
[illegible]			[illegible]		[illegible]
[illegible]			[illegible]		[illegible]

The financial statements on pages 18 to 31 were approved by the board of Limit Underwriting Limited on 23 March 2006 and were signed on its behalf by

S.P. Burns

Steven Burns
Chief Executive Officer
Limit Underwriting Limited

23 March 2006

Statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2005

	NOTES	2005 £000
[illegible]		
Operating profit on ordinary activities		1,414
Realised and unrealised investments gains/(losses)		(8,038)
Increase/(decrease) in net technical provisions		114,256
Decrease/(increase) in debtors		(103,735)
Increase/(decrease) in creditors		53,947
[illegible]		[illegible]
[illegible]		
Interest paid		–
Interest received		–
[illegible]		
Distribution of profits		(7,335)
Continuous solvency transfers		(7,606)
[illegible]		
Cash calls received		–
	12	42,903
[illegible]		
Increase/(decrease) in cash holdings	12	(1,948)
Increase/(decrease) in overseas deposits		1,325
Net portfolio investment/(disinvestment)	13	43,526
[illegible]		[illegible]

Notes to the financial statements

AT 31 DECEMBER 2005

BASIS OF PREPARATION OF THE ANNUAL REPORT

a) For the 2005 year of account, Syndicate 1036 is a sub-syndicate of umbrella Syndicate 2999. For 2004 and prior years, Syndicate 1036 is a stand alone syndicate. Accordingly the financial information for the syndicate on pages 18 to 29 has been compiled as follows: 2005 year of account data has been extracted from the accounting records underlying the audited financial statements of umbrella Syndicate 2999; this data has been aggregated with 2004 and prior data included in Syndicate 1036's audited financial statements.

b) The Syndicate 2999 and Syndicate 1036 financial statements from which this financial information has been extracted have been prepared in accordance with United Kingdom Generally Accepted Accounting Principles (UK GAAP), including the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004 and the Statement of Recommended Practice on Accounting for Insurance Business issued in December 2005 by the Association of British Insurers. This extracted financial information does not include all the information that would be required to be disclosed under UK GAAP.

CHANGE IN REPORTING BASIS

The result for the year is determined on the annual basis of accounting in accordance with UK GAAP. This represents a fundamental change in reporting basis required by the introduction of the 2004 Regulations rather than a series of changes in accounting policies. The prior year figures have been restated.

ACCOUNTING POLICIES

Premiums written

Premiums written comprise premiums on contracts incepted during the financial year. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them. Estimates are made for pipeline premiums, representing amounts due to the syndicate not yet notified, as well as adjustments made in the year to premiums written in prior accounting periods.

Unearned premiums

Written premium is earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

Reinsurance premium ceded

Outwards reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct or inwards business being reinsured.

Claims provisions and related recoveries

The provision for claims comprises amounts set aside for claims notified and claims incurred but not yet reported (IBNR).

Claims incurred comprise claims and settlement expenses (both internal and external) paid in the year and the movement in provision for outstanding claims and settlement expenses, including an allowance for the cost of claims incurred by the balance sheet date but not reported until after the year end. Claims incurred are reduced by anticipated salvage and other recoveries.

The amount included in respect of IBNR is based on statistical techniques of estimation applied by the syndicate's in house actuaries and reviewed by external consulting actuaries. These techniques generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of internal and external claims handling costs. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions.

The reinsurers' share of provisions for claims is based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. The syndicate uses a number of statistical techniques to assist in making these estimates.

Accordingly the two most critical assumptions as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred.

The directors consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

Notes to the financial statements

AT 31 DECEMBER 2005

A provision for unexpired risks is made where claims and related expenses arising after the end of the financial period in respect of contracts concluded before that date, are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred and taking into account relevant estimated future investment return.

The provision for unexpired risks is calculated by reference to classes of business which are managed together, after taking into account relevant investment return.

Acquisition costs, comprising commission and other costs related to the acquisition of new insurance contracts are deferred to the extent that they are attributable to premiums unearned at the balance sheet date.

Transactions denominated in foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date or if appropriate at the forward contract rate. Non-monetary assets and liabilities are translated at the rates ruling at the transaction dates. Unearned premium reserves and deferred acquisition costs have been treated as non-monetary items.

Exchange differences are included in the technical account.

Investments are stated at current value at the balance sheet date. For this purpose listed investments are stated at market value and deposits with credit institutions and overseas deposits are stated at cost. Unlisted investments for which a market exists are stated at the average price at which they are traded on the balance sheet date or the last trading day before that date.

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest.

Realised gains and losses on investments carried at market value are calculated as the difference between sale proceeds and purchase price. Unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date and their valuation at the previous balance sheet date, or purchase price, if acquired during the year, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account. Investment return has been wholly allocated to the technical account as all investments relate to the technical account.

Under Schedule 19 of the Finance Act 1993 managing agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic rate income tax deducted from syndicate investment income is recoverable by managing agents and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax.

No provision has been made for any United States Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by the syndicate during the year are included in the balance sheet under the heading "members' balances"

No provision has been made for any overseas tax payable by members on underwriting results.

During the year employment contracts of staff employed by Limit Underwriting Limited were transferred to QBE Management UK Limited, which like Limit Underwriting Limited is a wholly owned subsidiary of QBE Insurance Group Limited. QBE Management UK Limited operates both defined benefit and defined contributions pensions schemes. The expense relating to syndicate staff is charged to the syndicate and included within net operating expenses.

Profit commission is charged by the managing agent at a rate of 20% of profit subject to the operation of a deficit clause. Profit commission is recognised on the basis of the cumulative annual accounting result for each year of account.

[illegible]

2005	GROSS WRITTEN PREMIUMS £000	GROSS PREMIUMS EARNED £000	GROSS CLAIMS INCURRED £000	GROSS OPERATING EXPENSES £000	RE-INSURANCE BALANCE £000	TOTAL £000
[illegible]						
Accident and health	8	5	5	1	(6)	(7)
Marine, aviation and transport	52,757	40,561	42,203	11,511	1,058	(12,095)
Energy – marine	74,654	54,131	192,062	12,387	153,868	3,550
Energy – non-marine	34,326	23,401	17,042	3,015	(7,333)	(3,989)
Fire and other damage to property	27,534	17,129	11,834	5,685	849	459
Third party liability	41,653	32,581	21,363	5,727	5,478	10,969
Pecuniary loss	3,691	1,679	108	426	(283)	862
	234,623	169,487	284,617	38,752	153,631	(251)
Reinsurance acceptances	402	447	(3,258)	2,420	(3,372)	(2,087)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

2004 (RESTATED)	GROSS WRITTEN PREMIUMS £000	GROSS PREMIUMS EARNED £000	GROSS CLAIMS INCURRED £000	GROSS OPERATING EXPENSES £000	RE-INSURANCE BALANCE £000	TOTAL £000
[illegible]						
Accident and health	–	–	–	–	–	–
Marine, aviation and transport	30,370	32,427	17,028	13,060	41	2,380
Energy – marine	32,791	33,706	7,289	13,305	(5,536)	7,576
Energy – non-marine	12,663	12,432	2,408	3,537	(1,819)	4,668
Fire and other damage to property	10,726	10,826	1,976	4,752	(1,618)	2,480
Third party liability	10,694	11,274	6,462	2,365	(494)	1,953
Pecuniary loss	56	92	931	43	950	68
	97,300	100,757	36,094	37,062	(8,476)	19,125
Reinsurance acceptances	(47)	(95)	(166)	(73)	128	272
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

All premiums were concluded in the UK.

Notes to the financial statements

AT 31 DECEMBER 2005

[illegible]

The 2005 financial year has benefited from a re-assessment of ultimate claims arising in earlier periods as a result of benign claims experience during 2005.

[illegible]

	2005 £000	2004 (RESTATED) £000
Acquisition costs	57,317	23,205
Change in deferred acquisition costs	(18,178)	1,849
Administrative expenses	9,297	10,575
Reinsurance commissions and profit participations	(1,953)	(1,069)
(Profit)/loss on exchange	(5,311)	2,429
	41,172	36,989

Members' standard personal expenses are included within administrative expenses.

[illegible]

	2005 £000	2004 (RESTATED) £000
[illegible]		
Income from investments	3,694	2,267
Gains on the realisation of investments	425	148
Losses on the realisation of investments	(203)	(762)
	3,916	1,653
[illegible]		
Investment management expenses, including interest	102	47

[illegible]

	MARKET VALUE 2005 £000	MARKET VALUE 2004 (RESTATED) £000	COST 2005 £000	COST 2004 (RESTATED) £000
Shares and other variable yield securities and units in unit trusts	22,979	22,259	22,980	22,259
Debt securities and other fixed income securities	108,714	60,429	108,859	60,545
Participation in investment pools	–	–	–	–
Loans secured by mortgage	–	–	–	–
Other loans	1,555	–	1,555	–
Deposits with credit institutions	–	–	–	–
	133,248	82,688	133,394	82,804

Shares and other variable yield securities, units in unit trusts and debt securities and other fixed income securities are all listed on recognised stock exchanges.

Other loans comprises loans to the Lloyd's New Central Fund.

[illegible]

	2005 £000	2004 (RESTATED) £000
[illegible]		
Due from policyholders	–	–
Due from intermediaries	109,434	27,613
[illegible]		
Due from policyholders	–	–
Due from intermediaries	69	51
	109,503	27,664

[illegible]

Other assets comprises overseas deposits which are lodged as a condition of conducting underwriting business in certain countries.

Notes to the financial statements

AT 31 DECEMBER 2005

11 CREDITORS ARISING OUT OF DIRECT INSURANCE OPERATIONS

	2005 £000	2004 (RESTATED) £000
Due within one year		
Due to policyholders	–	–
Due to intermediaries	58,663	152
Due after one year		
Due to policyholders	–	–
Due to intermediaries	–	11
	58,663	163

12 MOVEMENT IN OPENING AND CLOSING PORTFOLIO INVESTMENTS NET OF FINANCING

	2005 £000
Net cash inflow for the year	
Cash flow	(1,948)
Increase in overseas deposits	1,325
Portfolio investments	43,526
Movement arising from cash flows	42,903
Changes in market value and exchange rates	8,038
Total movement in portfolio investments	50,941
Portfolio at 1 January	96,291
Portfolio at 31 December	147,232

Movement in cash, portfolio investments and financing

	AT 1 JANUARY 2005 £000	CASH FLOW £000	CHANGES TO MARKET VALUE AND CURRENCIES £000	AT 31 DECEMBER 2005 £000
Cash at bank and in hand	10,940	(1,948)	855	9,847
Overseas deposits	2,663	1,325	148	4,136
Financial investments				–
Shares and other variable yield securities and units in unit trusts	22,259	440	281	22,980
Debt securites and other fixed income securities	60,429	41,531	6,754	108,714
Participation in investment pools	–	–	–	–
Loans secured by mortgage	–	–	–	–
Other loans	–	1,555	–	1,555
Deposits with credit institutions	–	–	–	–
Total portfolio investments	82,688	43,526	7,035	133,249
Loans due within one year	–	–	–	–
Total cash, portfolio investments and financing	96,291	42,903	8,038	147,232

Other loans comprises loans to the Lloyd's New Central Fund.

[illegible] NET CASH INFLOW/(OUTFLOW) ON PORTFOLIO INVESTMENTS

	2005 £000
Purchase of shares and other variable yield securities	(106,568)
Purchase of debt securities and other fixed income securities	(188,267)
Purchase of participation in investment pools	–
Purchase of loans secured by mortgage	–
Purchase of other loans	(1,555)
Purchase of deposits with credit institutions	–
Sale of shares and other variable yield securities	106,128
Sale of debt securities and other fixed income securities	146,736
Sale of participations in investment pools	–
Redemption of loans secured by mortgage	–
Redemption of deposits with credit institutions	–
Net cash inflow/(outflow) on portfolio investments	(43,526)

[illegible] FUNDS AT LLOYD'S

Every member is required to hold capital at Lloyd's which is held in trust and known as Funds at Lloyd's (FAL). These funds are intended primarily to cover circumstances where syndicate assets prove insufficient to meet participating members' underwriting liabilities.

The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's based on FSA requirements and resource criteria. FAL has regard to a number of factors including the nature and amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of business that has been underwritten. Since FAL is not under the management of the managing agent, no amount has been shown in these financial statements by way of such capital resources. However, the managing agent is able to make a call on the members' FAL to meet liquidity requirements or to settle losses.

Syndicate 2999 financial summary and accounts

AT 31 DECEMBER 2005

The information provided below sets out summary financial information in respect of umbrella Syndicate 2999. Risks are not underwritten by Syndicate 2999 in its own right but it is the sole trading entity from a regulatory perspective and is the focal point for management control and administration of the trading sub-syndicates. Syndicate 2999's capital is provided 100% by QBE Insurance Group Limited.

A five year summary of the development of Syndicate 2999's capacity composition is as follows:

	SYNDICATE 2999 CAPACITY (£M)				
SUB-SYNDICATE	2002 £M	2003 £M	2004 £M	2005 £M	2006 £M
566	–	156.0	160.0	180.0	240.0
1036	–	–	–	185.0	210.0
1886	–	–	–	–	30.0
2000	145.0	185.0	215.0	185.0	180.0
2386	50.0	–	–	–	–
2724	130.0	159.0	155.0	–	–
	325.0	500.0	530.0	550.0	660.0

The net profit or loss for the 2005 financial year, gross written premium and total assets for each sub-syndicate are as follows:

SUB-SYNDICATE	NET PROFIT /(LOSS) £000	GROSS WRITTEN PREMIUM £000	TOTAL ASSETS £000
566	(9,452)	224,307	590,046
1036	(15,248)	228,474	397,657
2000	(4,981)	156,343	1,100,233
2724	(864)	9,938	269,981
	(30,545)	619,062	2,357,917

SUMMARY PROFIT AND LOSS ACCOUNTS	2005 £000	2004 (RESTATED) £000
Gross premium written	619,062	489,051
Earned premiums, net of reinsurance	418,193	368,047
Claims incurred, net of reinsurance	(344,915)	(195,017)
Acquisition costs	(109,804)	(90,613)
Net underwriting profit/(loss)	(36,526)	82,417
Profit/(loss) on exchange	9,506	(8,079)
Other net operating expenses	(31,842)	(39,635)
Investment return	28,317	16,649
Total profit/(loss)	(30,545)	51,352
Claims ratio	82.5%	53.0%
Combined operating ratio	114.1%	90.6%

BALANCE SHEET	2005 £000	2004 (RESTATED) £000
[illegible]		
Investments	733,812	589,475
Reinsurers' share of technical provisions	905,259	430,572
Debtors	522,437	269,698
Other assets		
Cash at bank and in hand	80,454	146,654
Overseas deposits	56,641	43,643
Prepayments and accrued income	59,314	42,344
[illegible]	[illegible]	[illegible]
[illegible]		
Members' balances	185	64,724
Technical provisions	2,066,678	1,351,710
Creditors	291,045	105,559
Accruals and deferred income	9	393
[illegible]	[illegible]	[illegible]

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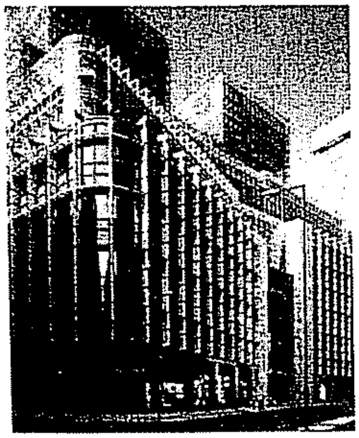
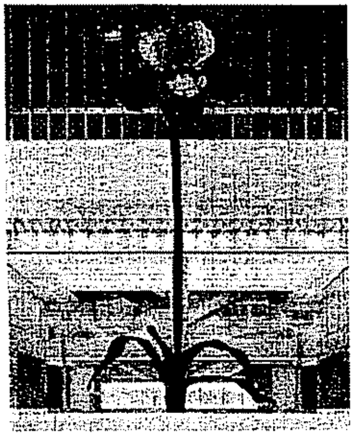
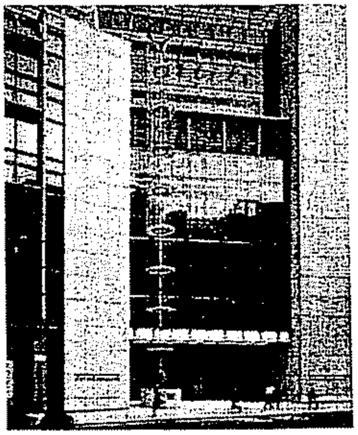
This time last year, QBE European Operations occupied five different offices in London. To make ourselves more accessible as an organisation, we reduced this to two main sites during 2005.

We moved our underwriting teams into a new flagship European base, Plantation Place, whilst a number of our support teams moved to 88 Leadenhall Street.

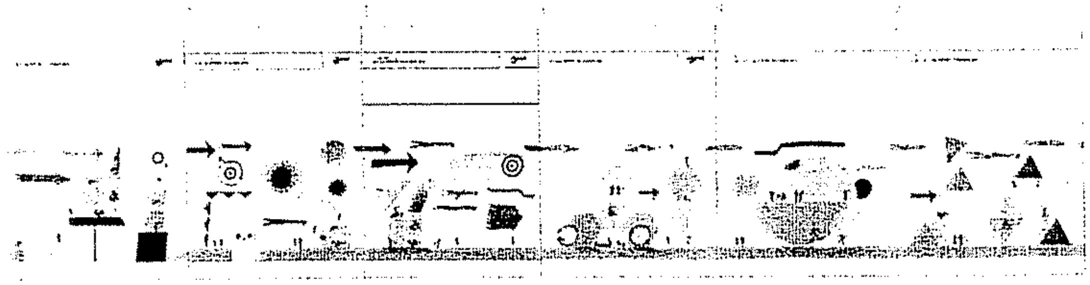






Andrew is an award winning illustrator and a graduate of the Royal College of Art. His illustrations have appeared in many newspapers and magazines, as well as in on-line environments, shop windows and on book covers. He recently exhibited a set of 12 illustrations undertaken for the Radio Times and is the curator of a touring exhibition, SHED, which features the work of 50 leading British illustrators.

An early pioneer of digital illustration, his work embraces drawing, print-making and figurative design and is primarily concerned with using images for storytelling or conveying messages. The challenge for Andrew with this project was to show the relationships between all the businesses which operate within QBE's European operations. He created a symbol to represent each business area, then developed these symbols in line with the key business messages in order to develop visual metaphors. He used a mixture of old and new technologies to produce the finished images.



Designed and produced by 85four www.85four.com

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Cousin are a carbon neutral company with ISO 14001 accreditation. They recycle all solvents used within the printing process, making any waste ph neutral, and also hold fsc status.

This report is printed on Hello Silk, which is made from virgin wood fibre from sawmill residues, forest thinnings and sustainable forests in Austria, and from pulp which is totally chlorine-free (TCF) and elemental chlorine-free (ECF). It is recyclable and biodegradable

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QBE
European Operations

BRITISH EVENTING'S

PRE-NOVICE DRESSAGE TEST 110 (2001)

Interval between horses - 6 mins — Arena 20m x 40m

To be ridden in a snaffle bridle			Max. Marks
1.	A	Enter at working trot and proceed down centre line without halting	
	C	Track left	10
2.	E	Circle left 15m diameter	10
3.	A	Down centre line	
	C	Track right	10
4.	B	Circle right 15m diameter	
	FAK	Working trot	10
5.	KXM	Change rein	
	M	Working trot	10
6.	C	Halt. Immobility 4 seconds	10
		Proceed in medium walk	
7.	HXF	Change rein at free walk on a long rein	
	F	Medium walk	10x2
		between	
8.	F&A	Working trot	
		between	
	A&K	Working canter right	10
9.	C	Circle right 20m diameter	10
10.	MXK	Change the rein	
	X	Working trot	10
		Between	
11.	K&A	Working canter left	
	ABC	Working canter	10
12.	C	Circle left 20m diameter	10
13.	HXF	Change the rein	
	X	Working trot	10
14.	X-F	Working trot	
	A	Down centre line	10
	AG	Working trot	
15.	G	Halt. Salute	10
		Leave arena at walk on a long rein at an appropriate place	

Collective Marks

1. Paces (freedom and regularity) 10
2. Impulsion (desire to move forward, elasticity of the steps, suppleness of the back, and engagement of the hind quarters) 10
3. Submission (attention and confidence; harmony, lightness and ease of the movements; acceptance of the bridle and lightness of the forehand) 10
4. Position and seat of the rider, correct use of the aids 10

TOTAL 200

N.B. In PRE-NOVICE TESTS, trot work may be executed either "sitting" or "rising" at the discretion of the rider.